

CITY OF EL PASO, TEXAS BUILDING & PLANNING SERVICES

MEMORANDUM

TO: The Honorable Mayor & City Council

COPY TO: Jim Martinez, Chief Administrative Officer

Adrian Ocegueda, Executive Assistant to the Mayor Laura Uribarri, Executive Assistant to the Mayor

Lisa Elizondo, City Attorney

William A. Chapman, Deputy CAO for Financial Services

David R. Almonte, OMB Director

Carmen Arrieta-Candelaria, City Comptroller Irene D. Ramirez, Interim City Engineer Teresa Quezada, CIP Administrator Richarda D. Momsen, Municipal Clerk

FROM: Patricia D. Adauto, Deputy CAO for Building & Planning Services

SUBJECT: City Council Agenda Items, <u>July 7, 2004</u>

DATE: July 1, 2004

The following items have been scheduled for City Council presentation as noted above by the Building & Planning Services Department (B&PS). This memorandum serves as supplemental information to the documentation submitted on June 24, 2004.

A. Staff Report on Capital Improvements Program budgeting, reconciliation of general obligation bonds and certificates of obligation bonds fund balances, and recommended use of unallocated fund balances to pay contractually obligated capital projects.

This item was posted on the June 29, 2004 City Council Agenda and postponed for one week. B&PS is requesting the deletion of this item.

B. Discussion & Action on use of general obligation bonds and certificates of obligation bonds unallocated fund balances to pay contractually obligated capital projects as recommended by the Building & Planning Services Department.

This item was posted on the June 29, 2004 City Council Agenda and postponed for one week. B&PS is requesting the deletion of this item.

C. Staff Report on direction received from the Office of the Mayor to proceed with necessary budget action items to use Certificate of Obligation Bonds and General Obligation Bonds unallocated fund balances to satisfy contractually-obligated and pre-committed matching fund and change order payments to the Texas Department of Transportation on approved capital projects.

This new item has been placed on the agenda to replace the two deleted items described above. A copy of the power point presentation to be presented by B&PS staff at the meeting is attached for your review and information. Additionally, a Comptroller's Legislative Review Committee meeting has been scheduled for July 6, 2004 at 9:00 am to fully discuss the details of this item.

D. Discussion & Action on the Capital Improvements Program to (1) set the process and calendar for reviewing and prioritizing capital projects; and (2) to reaffirm the criterion to be used by the Building & Planning Services Department for recommending priority ranking for capital project submittals.

This item was posted on the June 29, 2004 City Council Agenda and postponed for one week. Information relative to the actions requested are found in the attached documentation.

Should you have any questions or need additional documentation, I may be contacted at extension -4853 or Carmen Arrieta at -4293. A full staff briefing will be made at the meeting.

		Office Use	Only
Mayor's Office (3 copies):			
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Representative District 6:			
Representative District 7:	date:	time:	by:
Representative District 8:	date:	time:	by:
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Capital Improvements Program Unallocated Fund Balances As of May 31, 2004

	S Av	vailable for	г	T
Funding Source		ogramming	L	Use of Funds per Offering Statement
1994A Certificates of Obligation		\$1,176,869.69		Proceeds from the sale of the Series 1994A Certicates will be used to fund the construction of a Fire Department vehicle maintenance facility, the North East Municipal Annex, the Westside Recreation Center, Municipal Zoo improvements and emergency rehabilitaion of city-owned buildings.
1995A Certificates of Obligation		\$1,214,476.13		Uses not available. Projects include parks, city facilities and street projects.
1996 Certificates of Obligation		\$8,687.92		Proceeds derived from the sale of the Series 1996 Certificates wil be used to fund infrastructure improvements in the Union Plaza area.
1998 Certificates of Obligation		\$263,125.32		Uses not available. Projects include parks, city facilities and Civic Center.
1998A Certificates of Obligation		\$134,867.96	1	Uses not available. Projects include parks, health facilities, and fire stations and city facilities.
1998B Certificates of Obligation		\$500,490.35		Uses not available. Projects include street projects, TXDOT matches, and environmental work.
2002A Certificates of Obligation		\$1,443,162.63	ı	Uses not available. Projects include only landfill projects, health facilities and purchase of Union Pacific Depot.
2003 Certificates of Obligation		\$941,275.17		Uses not available. Projects include fire stations, flood control, street, international bridge and TXDOT match projects. Available amount represents balance from Cotton Street Bridge.
Sub-Total Certificates of Obligation	\$ 5	,682,955.17		
1987A General Obligation Bonds		\$671,028.31		Street & Flood Control Improvements
1997 General Obligation Bonds	\$	719,978.61	1	Street Improvements - balance from oldest bond issue for Cotton Street Bridge. Amount per Comptroller's worksheets. BT was proposed to Council for \$769,318.22 on 6/15/04
Sub-Total General Obligation Bonds	\$ 1	,391,006.92	L	

TOTAL UNALLOCATED		
FUND BALANCE	\$ 7,073,96	2.09

Capital Improvements Program Proposed Use of Unallocated Fund Balances As of May 31, 2004

Obligated Project	Project Amount	Notes
Traffic Light Synchronization 3,4 & 5	\$ 1,509,600.00	LPAFA has been approved. Project is scheduled for letting in August 2004 by TXDOT. Payment due by 7/14/04, otherwise will have to reschedule letting and can run into TXDOT letting cap problems.
Lee Boulevard	\$ 992,590.00	Incremental payments for remainder of phase 1 project. City has paid for design and for ROW acquisition for phase 2, 2 outer lanes. The match for construction of the 2 outer lanes is in the 2004 bond program, but this is due within the next 30 days.
Airway Boulevard Final closeout	\$ 514,714.90	Amount required above and beyond the amount programmed as part of the FY03 C.O.s. \$320,000 will be funded through FY03 C.O.s. BT appropriating this amount was approved on 6/15/04. However, since the funding source is included, the proposed use is also included for purposes of completeness.
Traffic Light Synchronization Phase 5	\$ 136,970.57	Received letter on 6/22/04 requesting determination by 7/5/04 if additional funds will be provided. Total budget shortfall is \$684,852.86. This amount represents City's 20% match. Traffic Engineering is preparing request to MPO for additional federal monies. This ties into the \$1.5 million for phases 3, 4 & 5 as described above.
Change orders for Resler Extension	\$ 145,524.09	Change orders approved May 2004. Anticipate final closeout from TXDOT within 60 days.
Change orders for Vehicle Loop Detectors	\$ 38,019.54	Change orders approved May 2004. Anticipate final closeout from TXDOT within 6 months.
Change orders for George Dieter	\$ 17,366.99	Change orders approved May 2004. Anticipate final closeout from TXDOT within 60 days.
Change orders for Lee Blvd. (not included in incremental payments above.	\$ 6,939.82	Change orders approved May 2004. Anticipate final closeout from TXDOT within 6 months.
Alternate Routes	\$ 1,071,150.80	City pursuing EDC adjustment. Project is included in TIP. Agreement has not gone to council pending EDC determination & identification of funding source.
Loop 375 Realignment @ Talbot	\$ 4,435,000.00	Agreement has not gone to Council pending identification of funding source. City has submitted as funding request thru MPO to reduce match amount to approximately \$900,000

Capital Improvements Program Proposed Use of Unallocated Fund Balances As of May 31, 2004

Proposed Uses

Project	Amount	Notes
Paseo del Norte	\$ 3,500,000.00	Agreement has not gone to Council pending agreement with property owners for determination of how ROW and design will be procured. Thru TXDOT minute order, City is responsible for the full amount.
TOTAL PROJECTS	\$12,367,876.71	

STAFF REPORT CAPITAL BUDGETING PROCESS

FORMER PROGRAM POLICY

- Infrastructure (COs)
- QOL facilities (GOs)
- Little or no public involvement
- Informal process to establish priorities for capital budget
- Undefined process at all program levels
- Numerous capital projects were unfunded
- Inconsistent multi-departmental coordination to effect program execution
- Significant lag between project completion & budget reconciliation
- Some outside agencies fully controlled change order policy

CURRENT PROGRAM POLICY

- All capital projects & acquisitions funded with GOs or revenue bonds
- Program approved by Mayor & City Council
- Public involvement process created (2004 project call)
- Refined program procedures & documentation
- Improved agency coordination & execution
- Developed 10-year CIP listing (short- & long-term plan)
- Established weighted rating system for project evaluation
- No agency contractual obligations without funding
- Change order policies modified to require City review & approval (TxDOT LPAFA)



DEFINING CAPITAL BUDGETING PROCESS

Coordinating the Process



Program Planning

- Assign responsibilities for program administration
- Determine involvement of public officials
- Determine forms of public participation
- Establish governing procedures
- Identify program steps and timetables

- Assess City's financial condition and forecast capital financing capacity
- Identify capital financing options and make recommendations

Developing the Program



Program Planning

- Define short and long term capital needs and prepare CIP listing (through project call)
- Calculate costs of projects and assess benefits
- Evaluate, prioritize and schedule capital projects

- Evaluate impact of capital needs on the operating budget
- Assess City's present economic conditions and prospects
- Evaluate, prioritize and schedule capital acquisitions
- Determine effects of capital budget on debt service rates and commit funding structure

Recommending a Capital Budget



Program Planning

- Selection of projects for capital budget
- Prepare necessary project justifications and analyze project budgets for adequacy
- Coordinate presentation of the capital budget proposal to the community

- Forecast appropriations or expenditures based on proceeds of capital financing, including operating budget impact
- Identify and secure financing sources for the approved capital budget
- Coordinate voter authorizations with bond counsel as necessary

Executing Approved Capital Budget



PROJECT CLOSEOUT

Program Planning

- Develop schedule for project execution and establish project budgets
- Coordination of all phases of project implementation: mandated reviews; acquisition; design; bidding; construction
- Monitor expenditures and change order within approved budgets and execution timelines

- Conduct financial analysis and arrange financing per execution timelines
- Handle necessary budget transfers, invoicing and payments
- Balance project budgets and reconcile funding sources

PROGRAM CHALLENGES

- Old CO/GO balances exist due to set project financing (before use of commercial paper)
- Other agencies control project letting schedules
- Capital project priorities changed
- Project funding adjustments
- Outdated project budget estimates
- Rising change orders
- Negative project cash balances
- Late invoicing & payment
- Lack of project continuity & documentation
- Ability to reprogram unallocated fund balances due to fixed fund offering statements

CURRENT 10-YEAR PROGRAM

1,137 total projects 148 projects, \$141 million (2000 QOL) 68 projects, \$93 million (2004 GOs) 22 projects, \$43 million (COs, GOs, other sources) 500 new project additions (2004 project call) 491 of 1,137 total projects estimated (\$1,184,000,000) 200+ projects closed / project budgets reconciled COs/GOs unallocated fund balances identified 40% of total projects, TxDOT contractually obligated

Funding Source	Use of Proceeds/Projects	\$ Available for Reprogramming
1994A	Fund various street, bridge, flood control, library & communications improvements Projects identified include Fire Department vehicle maintenance facility, NE municipal annex, Westside Recreation Center, Municipal Zoo improvements & emergency rehabilitation of city-owned buildings	\$ 1,176,869

Funding Source	Use of Proceeds/Projects	\$ Available for Reprogramming
1995A	Fund various street, fire station, flood control, library & communications improvements Projects identified include construction of new Police Regional Command Centerehabilitation of City facilities, emergence backup power to City Hall, recreation facilities & Municipal Zoo improvements	cy Control of the Con

Funding Source	Use of Proceeds/Projects	vailable for rogramming
1996	Fund infrastructure improvements in the Union Plaza area & various public improvements in the City	\$ 8,688
1998	Fund various flood control, street improvements & library improvements Projects identified include expansion, renovation and refurbishment of the Civic Center	\$ 263,125

Funding Source	Use of Funds/Offering Statements	•	vailable for rogramming
1998A	Fund various flood control, street improvements & library improvements Projects identified include purchase of vehicles, data processing equipment & various other personal property items, for parks & recreation facilities, Fire Department facilities & various other City facilities & improvements	\$	134,868

Funding Source	Use of Funds/Offering Statements	•	vailable for rogramming
1998B	Fund various improvements to solid waste disposal sites, park facilities, reconstruction of bridges, street improvements, City facility improvemen & environmental remediation of City facilities	\$ its,	500,490

Funding Source	Use of Funds/Offering Statements	\$ Available for Reprogramming
2003	Fund facilities & weight scales at international bridges, improvements at McCombs landfill, feasibility study or relocation of rail yards, street improvements, storm drainage & environmental improvements, land acquisition, fire station improvements, storage facility at MSC, City Hall improve acquisition of land for parking at archiv building, improvements to Clark Street Center, street improvements in Kimberli	ements, es Service

Funding Source	Use of Funds/Offering Statements	\$ Available for Reprogramming
2003 (cont)	Heights, audio/video equipment in Council Chambers, land acquisition for health facilities, acquisition of public art displays & property relocation due to Cotton Street bridge overpass.	
	SUBTOTAL	\$ 4,239,791

UNALLOCATED FUND BALANCES GENERAL OBLIGATION BONDS May 31, 2004

Funding Source	Use of Funds/Offering Statements	\$ Available for Reprogramming
1987A	Street & flood control improvements	\$ 671,028
1997	Street projects	\$ 719,979
	SUBTOTAL	\$ 1,391,007
	TOTAL	\$ 5,630,798

TXDOT APPROVED PROJECTS Summary of Pending Unfunded Matches & Change Orders

Approximate Due Date*	Approximate Total		
Within 30 days	\$ 1,509,600		
Within 120 days	\$ 1,852,127		
Within 12-18 months	\$ 9,006,151		
TOTAL	\$ 12,367,878		
*Dependent on TxDOT letting schedules & invoicing			

TXDOT APPROVED PROJECTS As of May 31, 2004

Obligated Project		Amount	Туре	Due
Traffic Light Synchronization Phases 3,4,5	\$ '	1,509,600	Match	30 days
Lee Blvd	\$	992,590	Match	120 days
Airway Blvd	\$	514,715	Match	120 days
Traffic Light Synchronization Phase 5	\$	136,971	Match	120 days
Resler Dr	\$	145,524	Change Order	120 days
Vehicle Loop Detectors	\$	38,020	Change Order	120 days

TXDOT APPROVED PROJECTS As of May 31, 2004

Obligated Project	Amount	Туре	Due
George Dieter Dr	\$ 17,367	Change Order	120 days
Lee Blvd	\$ 6,940	Change Order	120 days
Alternate Routes	\$ 1,071,151	Match	12-18 mo
Loop 375	\$ 4,435,000	Match	12-18 mo
Paseo del Norte	\$ 3,500,000	Match	12-18 mo
TOTAL	\$12,367,878		

DIRECTION RECEIVED FROM THE OFFICE OF THE MAYOR

PROCEED WITH NECESSARY
BUDGET ACTION ITEMS TO UTILIZE
\$5,630,798 IN CO & GO UNALLOCATED
FUND BALANCES TO PAY PRE-COMMITTED
TXDOT MATCHING FUND &
CHANGE ORDER PAYMENTS
FOR APPROVED CAPITAL PROJECTS

CAPITAL IMPROVEMENTS PROGRAM

CALENDAR FOR SPRING 2006 BOND ELECTION

Completion Date	2004/2005
	Activity
B&PS updates project listing by Program & Representative District from 2004 project call	June 2004
City Council reaffirms weighted rating system for prioritizing projects	July 2004
B&PS formulates project listing using approved weighted rating system	July-August 2004
Legislative Review Committee evaluates B&PS project listing & makes formal recommendations	September 2004 to April 2005
Final review with FY 2006 budget process; hearings & adoption to prepare for spring 2006 bond election	May to August 2005

CAPITAL IMPROVEMENTS PROGRAM

REAFFIRM PROJECT PROGRAMS & WEIGHTED RATING SYSTEM

PROJECT PROGRAMS

FIRE FLOOD CONTROL HEALTH INTERNATIONAL BRIDGES **MUNICIPAL FACILITIES POLICE QUALITY OF LIFE** STREET & DRAINAGE

WEIGHTED RATING SYSTEM

- # 1 REQUIRED TO MEET LEGAL
 MANDATES (FEDERAL OR STATE)
 - ADA
 - AIR QUALITY
 - POLICE / FIRE REGULATIONS
 - CLEAN WATER ACT
 - ENVIRONMENTAL REGULATIONS
 - CONFORMITY TO REGULATIONS

WEIGHTED RATING SYSTEM

- # 2 CONTRACTUALLY OBLIGATED / COMMITTED (TxDOT / OTHER)
- # 3 ADVANCES LOCAL OBJECTIVES, PLANS & ORDINANCES
 - COLLOCATION OF FACILITIES & SERVICES
 - LEVERAGING OF FUNDS

WEIGHTED RATING SYSTEM

- # 4 PROVIDES PUBLIC BENEFIT THAT BALANCES OR EXCEEDS COSTS
 - QUANTIFIABLE DEMAND
 - NEIGHBORHOOD / COMMUNITY SERVING
 - CONGESTION RELIEF
 - DELIVERY OF SERVICE
 - AIR QUALITY MITIGATION
 - MOBILITY & CONNECTIVITY
 - REMOVES OR REDUCES SAFETY HAZARD
 - SUPPORTS ECONOMIC DEVELOPMENT

CITY COUNCIL ACTION NEEDED

(1) APPROVE CALENDAR FOR DEVELOPING CAPITAL BUDGET FOR 2006 BOND ELECTION

(2) REAFFIRM PROJECT PROGRAMS AND WEIGHTED RATING SYSTEM USED FOR PRIORITIZING CIP